

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17451
November 06, 2014**

R E S O L U T I O N

**Resolution No. T-17451 To Establish the Deaf and Disabled
Telecommunications Equipment and Service Program Budget (Public
Utilities Code Section 2881 Et Seq) for the 2015-16 Fiscal Year Budget.**

SUMMARY

This resolution recommends a Fiscal Year (FY) 2015-16 annual budget of \$65.00 million for the Deaf and Disabled Telecommunications Equipment and Relay Service Program, pursuant to Public Utilities (PU) Code Section 2881, *et seq.*

BACKGROUND

The California Public Utilities Commission (CPUC) established a program to provide specialized equipment to the deaf and hard of hearing through CPUC decisions issued in the 1980's.¹ Subsequently, the Legislature codified the program through passage of several provisions contained in Public Utilities Code (PU Code Sections 2881 *et seq.*). To implement the three legislative mandates at that time, the CPUC created the Deaf and Disabled Telecommunications Program (DDTP) and its advisory committees.² The legislative mandates currently governing the DDTP are as follows: PU Code Section 2881(a) which authorizes the provision of Teletypewriters (TTYs) to Deaf or Hard of Hearing individuals; PU Code Section 2881(b) which uses third-party intervention, also known as the California Relay Service (CRS) to connect by telephone consumers who are deaf, hard of hearing, or speech-impaired with other parties; and PU Code Section 2881(c) which authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and/or cognitive

¹ The statutory language uses the term "hearing impaired". The preferred term today is "hard of hearing", and that term is used in this resolution.

² The Commission currently is advised by the DDTP consumer advisory boards: the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), now codified in PU Code section 278, and the Equipment Program Advisory Committee (EPAC), a subcommittee.

disabilities. Assembly Bill 136 (Ch. 404, 2011) adds Speech Language Pathologists to the list of Program Certifying Agents. That legislation, along with CPUC D. 13-12-054 (R. 13-03-008) implementing it, expands the program to include assistance to individuals with speech disabilities for provision of speech generating devices (SGDs), accessories, mounting systems, and specialized telecommunications equipment. Further, CD has begun discussions with the Department of Rehabilitation (DOR) on partnering with them on a trial of SGDs that are supplemental telecommunications equipment (STE), e.g., tablets.

Senate Bill 669 (Ch. 677, 1999) created a special fund dedicated to the DDTP whose funds are maintained in the State Treasury. The DDTP is funded via a surcharge assessed against all charges for all intrastate services on end-user telephone bills in California.³ The current DDTP Surcharge rate is 0.20%.

Pursuant to statute, the CPUC administers and adopts policies which govern the DDTP. The CPUC has charged its Communications Division (CD) staff with the task of monitoring the administration of the DDTP. The CPUC's Primary Program and Contract Administrator for the DDTP (PPCA or DDTP Administrative Contractor) is the California Communications Access Foundation (CCAF), a private vendor. CCAF and all others providing equipment or services to the DDTP do so under contract to the State/CPUC, pursuant to state contracting and procurement rules.

In addition to the DDTP Administrative Contractor, the CPUC contracts for services from a number of other vendors including the following: sign language interpreters, foreign language translators, captioners, voicers, braille, personal attendants, marketing vendor, equipment, contact center and warehouse operator, and relay providers.

Lastly, in addition to the SGD area, the DDTP anticipates moving forward with targeted wireless program initiatives, including iPhone for low-vision and blind persons.

DISCUSSION

Department of Finance (DOF) Audit

In 2012, auditors from the California Department of Finance (DOF) conducted a budget process performance audit of six telecommunications public purpose programs administered by the CPUC's Communications Division (CD), including the DDTP. The

³ Participants in the CPUC's LifeLine program do not pay the DDTP surcharge.

DOF's audit report contained several recommendations and the Commission has followed those recommendations in the preparation of this budget resolution.

Budget Development Process

CD estimates a FY 2015-16 DDTP budget of \$65.00 million based on the following state budget categories for which appropriations will be established in the 2015 Budget Act:

1. 8660 State Operations and Local Assistance, which consists of Contracts and Personal Services; Rents and Leases; DDTP Equipment; CPUC Staff and Administrative Costs; Committees; and Telecommunications Carrier Claims.
2. 0840 State Controller;
3. 6120 California State Library; and
4. 8880 Financial Information System for California.

Appendix A to the Resolution shows a comparison of the FY 2014-15 DDTP budget as adopted by Resolution T-17405 in Column E, and CD's proposed FY 2015-16 DDTP budget in Column G.

In TADDAC's letter to CD's director dated July 14, 2014, TADDAC and EPAC identified a list of DDTP program priorities with budget implications for the FY 2015-16 DDTP budget, which assisted Commission staff in developing the Program budget. The CD proposed budget for DDTP of \$65.00 million as described below is sufficient to cover these FY 2015-2016 program priorities. Among TADDAC's recommendations were:

- *Wireless: the importance of maintaining a strong wireless program, including suggestions on how to improve the DDTP user experience with wireless devices and service;*
- *Landline: importance of maintaining and enhancing the DDTP user experience with landline devices and service;*
- *Core DDTP/CTAP/CRS Program Areas: need to ensure these are adequately funded and cover major program initiatives for FY 2015-16;*
- *Maintenance or support of other program initiatives, including SGDs, Visually Assisted Speech-to-Speech (VA STS), and National Deaf-Blind Equipment Distribution Program (NDBEDP);*
- *Marketing and Outreach: continued targeting of unserved and underserved populations, and changing demographics; and*
- *Other: suggestions on how to improve various other aspects of the DDTP.*

Overall, CD is targeting the DDTP user base to grow by 5% as a result of increased marketing and outreach efforts. These marketing and outreach efforts include the tracking of barcoded certification forms distributed in response to new campaigns and outreach events, which enable the program to better understand increased efforts to target potential DDTP users that are unserved or underserved. The barcoded certification forms will also allow the DDTP Primary Program and Contract Administrator (PPCA), the Equipment Processing Center (EPC), which includes the contact center and warehouse, and the Marketing Services Provider to better gauge and hone in on the effectiveness of ongoing marketing and outreach, campaigns, and events.

In determining the DDTP budget or projected FY 15/16 expenses for each specific DDTP program area, CD reviewed actual expenses incurred for the previous two fiscal years for which this data was available (i.e., FY 12/13 and FY 13/14). For historical data, CD annualized the actual expenses based on the data available. For example, in FY 13/14, because only ten to eleven months of actual expenses were available at the time CD was performing its budget forecasting, CD was required to extrapolate the available data for the remaining one to two months to derive annualized expenses for FY 13/14.

After analyzing the annualized historical expense data for FY 12/13 and FY 13/14 at the program level, CD compared those figures to the adopted amounts budgeted for FY 12/13 and FY 13/14. These comparisons, in addition to other relevant factors, are used in the formulation of the budget in each particular expense area.

The breakdown of CD's proposed FY 2015-16 DDTP budget is as follows:

8660 STATE OPERATIONS (excluding Local Assistance)

Contracts and Personal Services

Primary Program and Contract Administrator (PPCA)

The DDTP Administrative Contractor or PPCA performs the day-to-day operations and management of the DDTP, including both program and contract management. The PPCA also implements CPUC policies and directives.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually increased from \$14,313,769 to \$15,962,985 for FY 12/13 and FY 13/14 respectively. The amount budgeted for FY 14/15 in Resolution T-17405 was \$17.09 million and was based on the yearly value of the current PPCA contract.

The current PPCA contract scope of work is from July 01, 2013 through June 30, 2014, with the option of two one-year extensions. The CPUC has exercised the first of the two one-year extensions to June 30, 2015. The current PPCA contract value is \$17.09 million per year and CD anticipates spending close to that amount each contract year. Each extension is \$17.09 million (i.e., there are no escalator provisions). Therefore, CD is recommending a budget of \$17.09 for PPCA expenses for FY 2015-16, the last of two one-year extensions.

Equipment Processing Center (EPC)

The EPC contractor is responsible for providing contact center and warehouse services, and an inventory and customer tracking system, all of which support the operations of the DDTP. The current contract term is July 01, 2010 to June 30, 2013, with the option of two one-year extensions. The CPUC has exercised the second one-year extension and will be on the last one-year extension in FY 14/15.

For the previous two fiscal years based on annualized data, the actual EPC contract expenses incurred annually, based primarily on contact center and warehouse volumes, decreased from \$5,637,241 in FY 12/13 to \$5,327,537 in FY 13/14. The amount included in the DDTP budget for EPC in FY 14/15 in Resolution T-17405 was \$6.63 million, and was based on projections of contract expenditures and program growth at that time.

The current EPC contract will expire in FY 14/15. A Request for Proposal (RFP) to put in place a new EPC contract was released in July 2014. A new EPC contract is expected to be in place by the beginning of FY 15/16. CD indicated in the RFP that the estimated

budget for the solicitation was not to exceed \$24,000,000 for three years. Assuming that about \$1M or so of the initial year expenditures for FY 15/16 will be for transition costs, CD recommends a budget of \$8.66 million for EPC expenses for FY 2015-16 $((\$24\text{M} - \$1\text{M})/3) + \$1\text{M}$.

Marketing

The Marketing Services Provider (MSP) is charged with producing marketing campaigns that increase awareness of, and participation in, the DDTP. The current MSP contract was awarded, via a competitive bidding process, for an amount not to exceed \$6,051,575, and has a contract term that is from March 15, 2013 to March 14, 2015, with the option of one one-year extension.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually decreased from \$3,085,846 in FY 12/13 to \$2,530,160 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$3.35 million, and was based on projections of contract expenditures at that time.

Assuming the CPUC exercises the one-year option to extend the Marketing Services Provider contract, the extension will expire 8.5 months into FY 15/16, after which a new contract will be in place. The amount estimated for FY 15/16 is 8.5 months at current contract maximum $((\$6,051,515/24) \times 8.5)$ in FY 14/15 plus 3.5 months in FY 15/16 during which a new MSP contract will be in place. CD has projected the new MSP contract in FY 15/16 to not exceed the current contract maximum by 10% $((\$6,051,515/24) \times 1.1) \times 3.5$. Thus, CD is recommending a budget of \$3.11 million $[(\$6,051,515/24) \times 8.5] + (((\$6,051,515/24) \times 1.1) \times 3.5)$ for MSP expenses in FY 2015-16.

California Relay Service (CRS)

CRS provides specially-trained relay operators to relay conversations between people who are deaf, hard of hearing, or speech-disabled with those they communicate with by telephone. CRS is currently provided under contract by two relay providers, Hamilton Relay and AT&T Relay. Network services are provided by Verizon.

Hamilton Relay and AT&T Relay began providing CRS services on June 2, 2010. Their contracts were approved for a 3 year term (June 2, 2010 to June 1, 2013) with the option of two one-year extensions (i.e., from June 2, 2013 to June 1, 2014 and June 2, 2014 to June 1, 2015). The contracts are currently in their second one year extension. Reimbursement rates for each extension are adjusted by an inflation index (escalator).

For 2013 to 2014, the escalator was 1.9% and for 2014 to 2015 (the final extension), the escalator was 2.0%.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually for CRS contracts decreased from \$10,558,016 in FY 12/13 to \$9,313,119 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$10.84 million and was based on projections of contract expenditures at that time.

The current CRS contracts will expire at the end of FY 14/15. A Request for Proposal (RFP) to procure new CRS vendors was released in September 2014. New CRS contracts are expected to be in place by the beginning of FY 15/16. CD anticipates an estimated budget for CRS not to exceed \$33,000,000 for three years. Thus, CD is recommending a budget of \$11 million for CRS expenses for FY 2015-16 (\$33M/3).

Technical Consultant

Historically, the technical consultant contract provides technical consulting services for the more complex technical aspects of the telecommunications-related public programs, including the DDTP. These services include providing support for strategic planning, as well as technical aspects of program design and contract administration.

For the previous two fiscal years based on annualized data, the actual contract expenses incurred annually have declined from \$256,066 in FY 12/13 to \$175,110 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$250,000, and was based on projections of contract expenditures at that time.

CD anticipates annual technical consultant expenses to more closely resemble those of FY 12/13. Thus, CD is recommending a budget of \$250,000 for technical consultant expenses for FY 2015-16.

Audits

All public purpose programs will be audited for surcharges and the DDTP will share in a proportion of those costs. For DDTP, FY 15/16 allocated audit costs for the audit of 46 carriers is projected to be \$80,000. Thus, CD is recommending a budget of \$80,000 for audit expenses for FY 2015-16.

Accommodations (excluding accommodations for DDTP Consumer Advisory Board members)

This category consists of various types of Americans with Disabilities Act (ADA)-mandated accommodations (e.g., American Sign Language (ASL), captioning, voicing, etc.), as well as foreign language interpreters, provided to support DDTP outreach and other meetings, including meetings involving DDTP contractors and the CPUC. An example would be an ASL interpreter translating, in real-time, a presentation/meeting from an equipment manufacturer, DDTP contractors, and the CPUC.

For the previous two fiscal years based on annualized data, the actual expenses for all accommodations, including for committee members, incurred annually decreased from \$166,159 in FY 12/13 to \$157,333 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$220,000, and was based on projections of accommodation expenditures at that time.

In previous DDTP budget resolutions, accommodation expenses included all types of accommodations for the DDTP. In this resolution, accommodation costs for DDTP Consumer Advisory Board members are included with the overall committee expenses discussed later in this resolution. Approximately 53% of all accommodation costs are for committee members, while the remaining 47% are for other DDTP accommodations.

Although the actual expenses for FY 12/13 and FY 13/14 show a declining trend in annual accommodation expenses for this period, this number is very sensitive to the number of events that require accommodations. It is difficult to predict the number of outreach events or meetings where a DDTP Administrative contractor staff requiring accommodations meets with CPUC staff.

Given the nature of the program, the need for accommodations, and the sensitivity of these projections to a variety of factors, CD recommends a budget of \$76,021 (rounded to \$80,000 in Appendix A). This was calculated by taking the average of all accommodation expenses, including committee member-related in FY 12/13 and FY 13/14 $((\$166,159 + \$157,333)/2)$, and multiplying that figure by 47%, which represents the proportion of DDTP accommodation expenses that are non-DDTP committee-related.

Rents and Leases

The DDTP has lease agreements to rent various facilities required for DDTP operations. These include the DDTP headquarters, the seven service centers, and three satellite offices throughout the state.

For the previous two fiscal years based on annualized data, the actual leases expenses incurred annually have declined from \$1,502,139 FY 12/13 to \$1,466,143 in FY 13/14.

The amount budgeted for FY 14/15 in Resolution T-17405 was \$1.51 million and was based on projections of lease expenditures at that time.

The lease agreements contain standard State terms and conditions, including a starting base rent and annual escalators. The total rent, including escalators, for all DDTP lease agreements in FY 15/16 is projected to be \$1.52 million.

Equipment Purchases

Equipment

Equipment includes all DDTP program equipment with the exception of Speech Generating Devices (SGDs) and wireless devices, which are separately discussed. Examples of DDTP equipment include amplified phones, speaker phones, captioned telephones, and TTYs or teletypewriters.

For the previous two fiscal years based on annualized data, the equipment expenses incurred increased from \$5,326,840 in FY 12/13 to \$6,924,788 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$6.24 million, and was based on projections of equipment expenditures at that time.

CD notes that equipment expenses are difficult to project. One reason is that equipment is typically purchased in bulk, and purchases are made when inventory levels need replenishment, equipment modes are discontinued, or when new product lines responsive to consumer needs are introduced, which may not necessarily coincide with a particular fiscal year. For example, if a large order is placed on June 15th of any given year, the DDTP may receive the shipment prior to June 30th (i.e., the end of the fiscal year) or after, but may not be invoiced for the purchase until the subsequent fiscal year. Thus, it is difficult to develop or identify historical baseline data.

Given the challenges of predicting equipment expenses, CD believes that it would be reasonable to maintain a budget amount which is equal to the annualized actuals for FY 13/14 plus 5% growth for each of two years. Thus, CD is recommending a budget of \$7.63 million for equipment expenses for FY 15/16.

Wireless

While wireless has been a permanent part of the DDTP since 2010 (CPUC Decision 10-11-033), there have been numerous challenges with incorporating wireless equipment into the DDTP, primarily contracting and procurement. The wireless industry

commonly bundles phones and service plans into a single purchase, which allows them to offer phones at a substantial discount to consumers. By statute, the DDTP can only provide wireless equipment (not service). Thus recipients of the DDTP/CTAP wireless equipment must pay their own monthly service charge, which is often a large barrier to maintaining wireless service. Additionally, the dynamic nature of the wireless industry in which providers frequently change models does not readily sync up with the state-required contracting and procurement processes.

As a result, actual wireless expenses have lagged projected. While wireless expenses occurred in earlier fiscal years, there were no wireless expenditures in FY 11/12 as the permanent wireless program had not yet been deployed. There were limited expenditures in FY 12/13 and FY 13/14 at \$12,744 and \$32,209 respectively. The aforementioned figures were considerably less than the projected \$2 million budgeted in Resolution T-17372 for FY 12/13 and Resolution T-17405 for FY 13/14.

When CD budgeted \$2 million in Resolution T-17372 for wireless expenses in FY 13/14, there was a reasonable expectation that the wireless program would be fully implemented during that fiscal year. However, CD has encountered a number of challenges with implementing the wireless program. After completing the procurement process with a wireless provider to distribute one of their devices, the wireless provider informed CD that the device would be discontinued approximately three months after the contract start date. This required CD to assess alternative devices, but when one was identified, the wireless carrier indicated that the supply of the devices would not be sufficient. Another example involves smart phones with physical keyboards where the cost of the service plan is a barrier for some DDTP users. CD has been working with wireless providers on the service plan cost issue. Consequently, the challenges described above delayed full implementation of the wireless program in FY 13/14. CD continued to experience challenges with wireless equipment rollout in FY 13/14.

Although CD anticipates continued wireless initiatives including distribution of the iPhone with applications targeted to the low-vision and blind, CD expects that there may continue to be implementation challenges. Hence, to continue to serve DDTP users, CD recommends a \$1 million budget for FY 15/16, which CD anticipates will more closely align with actual expenses.

Speech Generating Devices (SGDs)

Per AB 136 (Ch. 404, 2011) and Decision 13-12-054 implementing that legislation, the Commission expanded the DDTP to include SGDs as well as to add speech language pathologists (SLPs) as certifying agents. D. 13-12-054 put in place legislatively required

SGD rules. As this is a major program initiative, comments have been solicited in the formal proceeding as well as in SGD working groups. The Commission requested and received an additional \$11.60 million of budget authority via a Budget Change Proposal (BCP) reflecting additional funding and staff needed to support this new program. Thus, CD is recommending a budget of \$11.60 million for SGD expenses for FY 2015-16. FY 14/15 is expected to be the first full year of this program. However, SGD distribution/funding may remain limited as SLPs and others learn about the DDTP SGD process, and the CPUC works with CalTech and DGS as appropriate to add vendors, address changes in Medicare rules, and put in place a permanent procurement vehicle.

Initial distribution of SGDs that are durable medical equipment (DME) began in February 2014. CD anticipates working with the California Department of Rehabilitation on a trial of non-DME supplemental telecommunications equipment (e.g., tablets) in 2014. This is projected to continue in FY 15/16 as part of the DDTP SGD efforts.

CPUC Staff and Administrative Costs

These expenses consist of Direct Program Charges, Cost Allocation, and Interagency Fee. The total for these expenses is \$2.01 million, the details of which follow.

Direct Program Charges

Direct Program Charges include the salaries, wages, and benefits of CD staff that work on the DDTP, and CD recommends a budget of \$832,475 for these expenses.

Cost Allocation

Beginning July 1, 2014, CPUC implemented a new costs allocation plan that directs how CPUC's administrative charges will be allocated to the sixteen special funds the agency administers, as well as expenses charged to grants. Cost allocation expenditures (sometimes referred to as indirect charges) include Administrative Services salaries and operating expenses (CPUC Accounting and Budget Offices, Business Services, Contracts, HR and IT), facilities operations (rent, security and utility expenses), as well as Executive Division, Administrative Law Judge, and a portion of shared, legal expenses.

Using the new cost allocation plan methodology administrative expenses are allocated to funds primarily on a Personnel Year (PY) basis; funds that support more staff proportionally have more CPUC indirect charges. CPUC initiated development of a

new cost allocation plan as a corrective action in response to a 2013 Department of Finance audit that highlighted the agency's lack of an updated, comprehensive, and methodologically consistent plan for allocating indirect charges to special funds and grants.

As a result of implementing the new plan, some CPUC special funds received higher proportions of costs allocation than had been allocated in previous years due to the changes in methodology related to defining administrative cost "pools" and PY analysis. Indirect charges will be built in as line-items into all funds as part of FY 2015-16 budget proposals.

Interagency Fee

Interagency fee includes costs from state administrative services that are allocated to the various state departments and agencies, and CD recommends a budget of \$393,118 for these expenses.

Committees (including accommodations, per diem, and travel)

The DDTP consumer advisory committees described earlier (i.e., TADDAC and EPAC) provide recommendations to the Commission with regard to the DDTP. The committees typically meet monthly at the DDTP headquarters in Oakland, and occasionally hold offsite meetings.

For the previous two fiscal years based on annualized data, the committee expenses incurred increased from \$55,519 in FY 12/13 to \$67,316 in FY 13/14. The amount budgeted for FY 14/15 in Resolution T-17405 was \$70,000, and was based on projections of committee expenditures at that time. It should be noted that the aforementioned figures do not include accommodations for DDTP committee members.

In previous DDTP budget resolutions, accommodation expenses included all types of accommodations for the DDTP. In this resolution however, accommodation costs for DDTP Consumer Advisory Board members were combined with the overall committee expenses. Approximately 53% of all accommodation costs are for committee members, while the remaining 47% are for other DDTP accommodations.

CD anticipates that annual committee expenses will continue to grow due to overall increase in travel costs, including the need for periodic subcommittee or other meetings and additional travel costs for any offsite meetings. Thus, CD is recommending a budget of \$160,725 (\$75,000 + \$85,725) for committee expenses for FY 2015-16. This was

calculated by taking the average of accommodation expenses in FY 12/13 and FY 13/14, which included all accommodations for the DDTP $((\$166,159 + \$157,333)/2) = \$161,746$, and multiplying that figure by 53% (\$85,725), which represents the proportion of DDTP accommodation expenses that are committee-related. The \$85,725 was then added to \$75,000, which is the projected DDTP non-accommodation-related expenses (e.g., travel) for the DDTP advisory boards.

8660 LOCAL ASSISTANCE

Claims

Claims are DDTP expenses incurred by landline carriers to accommodate specific services for the Deaf and the disabled. Examples include three-way calling and speed-dialing. The amount budgeted for FY 14/15 in the governor's budget was \$210,000, and CD anticipates claims expenses in FY 15/16 to resemble those in FY 14/15. Thus, CD is recommending a budget of \$210,000 for claims expenses for FY 15/16.

0840 STATE CONTROLLER

This item reflects funds identified for the State Controller's Office (SCO) in the Governor's Budget which were \$487.73 in FY 13/14. It should be noted that forecasted SCO costs are less than \$1,000 and are not reflected in the governor's budget due to the de minimis impact. CD's proposed budget for FY 15/16 shows \$0 for this line item.

6120 CALIFORNIA STATE LIBRARY

The California State Library is the state's information hub, preserving California's cultural heritage and connecting people, libraries and government to the resources and tools they need to succeed and to build a strong California. This item reflects funds for the California State Library and has remained steady at \$552,000 during fiscal years 13/14 and 14/15. CD's proposed budget for FY 15/16 shows \$552,000 for this line item.

8880 FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

This item reflects funds for the Financial Information System for California (Fi\$Cal). Fi\$Cal is an information technology (IT) project managed by a partnership of Department of Finance, the State Treasurer's Office, the State Controller's Office, and the Department of General Services. The purpose of this project is to create and implement a new statewide financial system. Fi\$Cal expenses were \$374,000 in FY 12/13 and \$349,000 in FY 13/14 per the Governor's Budget. The Governor's Budget shows

\$52,000 for FY 14/15 vs. the DDTP budget resolution (T-17405) amount of \$160,000. CD's proposed budget for FY 15/16 shows \$52,000 for this line item.

Safety Issues

The DDTP provides specialized telecommunications equipment and relay services through the California Telephone Access Program (CTAP) and California Relay Service (CRS). Persons who are challenged using a standard telephone because of difficulty seeing, hearing, speaking, moving, or remembering can obtain specialized devices through CTAP.

Access to CTAP equipment provides persons with disabilities access to 911 and emergency services in the event of an emergency. Without these specialized devices, these individuals may have no other means to access 911 and emergency services, or to make medical and other safety-impacting calls, since they are unable to use a standard telephone. Additionally, CRS provides access to the relay service for persons who deaf, hearing impaired, or speech-disabled to enable them to make medical and other safety-impacting calls, and to stay connected to family and friends.

Total DDTP FY 2015-16 DDTP Budget

CD's proposed FY 2015-16 DDTP budget of \$65.00 million is reasonable and should be adopted.

COMMENTS

In compliance with PU Code § 311 (g), copies of the notice letter for the draft Resolution were e-mailed on October 3, 2014 to all telecommunications carriers, the parties of record to Rulemaking (R.) 00-05-001, R.03-03-014, and R. 13-03-008 for whom e-mail was available, as well as members of the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) and members of the Equipment Program Advisory Committee (EPAC). The notice informed these parties that this draft Resolution is available at the CPUC's website: www.cpuc.ca.gov and is available for public comment. In addition, CD informed these parties of the availability of the conformed resolution at the same website.

No comments were received.

FINDINGS

1. The California Public Utilities Commission (CPUC) established a program to provide specialized equipment to the Deaf and hard of hearing through CPUC decisions issued in the 1980's.
2. The Legislature codified the program through passage of several statutory provisions contained in PU Code Sections 2881 *et seq.*
3. PU Code Section 2881(a) authorizes the provision of TTYs to deaf or hard of hearing individuals.
4. PU Code Section 2881(b) authorizes the use of third-party intervention, also known as the California Relay Service (CRS) to connect by telephone consumers who are deaf, hard of hearing, or speech-impaired with other parties.
5. PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities.
6. Assembly Bill 136 (Ch 404, 2011) adds Speech Language Pathologists to the list of Certifying Agents and expands the program to include assistance to individuals with speech disabilities for provision of speech-generating devices, accessories, mounting systems, and specialized telecommunications equipment.
7. Commission Decision 10-11-033 directs that wireless equipment become a permanent part of the Deaf and Disabled Telecommunications Program.
8. The Communications Division's (CD) estimate of \$65.00 million for the Fiscal Year (FY) 2015-16 DDTP budget, as set forth in Column G of Appendix A, is reasonable for the DDTP and should be adopted.
9. Copies of the notice letter for the draft Resolution were e-mailed on October 3, 2014, to the parties of record to Rulemaking (R.) 00-05-001, R.03-03-014, R. 13-03-008, members of the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) and members of the Equipment Program Advisory Committee (EPAC).

THEREFORE, IT IS ORDERED that:

1. The Fiscal Year 2015-16 budget for the Deaf and Disabled Telecommunications Program of \$65.00 million, as set forth in Column G of Appendix A of this resolution, is adopted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission (CPUC) at its regular meeting on November 06, 2014. The following Commissioners adopted it:

PAUL CLANON
Executive Director

APPENDIX A

Budget for Equipment and Services Provided to the
Deaf and Disabled Telecommunications Program
Fiscal Year 2015-16

Resolution T-17451
CD/TCH

Appendix A

	A	B	C	D	E	F	G
	Budget Categories Under Governor's Budget	Summary Categories Under DDTP Resolution T-17451	Breakdown of Summary Categories Under DDTP Resolution T-17451	Annualized Actuals for FY 13/14 (\$ Dollars)	Amount Budgeted Under DDTP Resolution T-17405 for FY 14-15 (\$ in millions)	Governor's Budget for FY 14/15	CD <u>Proposed</u> Amount Budgeted for DDTP Resolution T-17451 for FY 15-16 (\$ in millions)
1	8660 State Operations	Contracts and Personal Services	PPCA	15,962,985	17.09	62.660	17.09
2			EPC	5,327,537	6.63		8.66
3			Marketing	2,530,160	3.35		3.11
4			California Relay Service	9,313,119	10.84		11.00
5			Technical Consultant	175,110	0.25		0.25
6			Audits	0	0.41		0.08
7			Accommodations (1 of 2)	157,333	0.22		0.08
8		Rents & Leases	Rents & Leases	1,466,143	1.51		1.52
9		Equipment Purchases	Equipment	6,924,788	6.24		7.63
10			Wireless	32,209	2.00		1.00
11			SGDs	171,873	11.60		11.60
12		CPUC Staff and Administrative Costs	Direct Program Charges (inc. staffing and payphone staffing)	832,475	2.00		2.01
13			Cost Allocation (Indirect) inc. IT Budget	785,360			
14			Interagency Fee	393,118			
15		Committees	TADDAC	67,316	0.07		0.16
16			EPAC				
17			Accommodations (2 of 2)	N/A	N/A		
19	8660 Local Assistance	Claims	Claims	173,670	0.21	0.210	0.21
20	0840 State Controller			0	0.01	0.000	0.00
21	6120 California State Library			552,000	0.55	0.552	0.55
22	8880 Financial Info Syst for CA			349,000	0.16	0.052	0.05
23	Total Program		End of Appendix	45,214,196	63.14	63.474	65.00

End of Appendix A